

MEETING NO. 4171
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, **DECEMBER 7, 2016**

10:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Wendell Anthony	Trustee
Scott Benson	Ex-Officio Trustee/City Council Member
Lori Cetlinski	Trustee
Tasha L. Cowan	Trustee/Vice-Chair
Olga Johnson	Trustee
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee
Gail Oxendine	Trustee
Thomas Sheehan	Trustee/Chair
David Szymanski	Ex-Officio Trustee/City Treasurer

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Ryan Bigelow	Chief Investment Officer
Michael VanOverbeke	General Counsel
LaMonica Arrington-Cabean	Manager II
Rita Coats	Administrative Assistant II

CHAIRMAN

THOMAS SHEEHAN

The Board's Recording Secretary took a verbal Roll Call at 10:10 a.m. and Chairman Sheehan called the meeting to order.

Present at Roll Call: Lori Cetlinski, Tasha L. Cowan, Olga Johnson, June Nickleberry and Thomas Sheehan.

Re: Service Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Johnson

RESOLVED, that the application(s) for **SERVICE RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Joshua Taylor – Field Svcs Techn – Water & Sewerage
SERVICE CREDIT	23-10
EFFECTIVE DATE	11-02-16

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Early Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Johnson

RESOLVED, that the application(s) for **EARLY RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Geoffrey White – Serv Guard-General - Transportation
SERVICE CREDIT	26-09
EFFECTIVE DATE	10-25-16

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Vested Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Johnson

RESOLVED, that the application(s) for **VESTED RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Samuel E. Brown – Ast Spv Undgd Cons CS – Public Lighting
SERVICE CREDIT	28-04
EFFECTIVE DATE	01-01-16
NAME, TITLE, DEPARTMENT	Timothy Cox – Water Systems Repair Worker – Water & Sewerage
SERVICE CREDIT	10-11
EFFECTIVE DATE	11-01-15
NAME, TITLE, DEPARTMENT	Kevin J. Donovan – Asst Hd Sewage Plant Opr – Water & Sewerage
SERVICE CREDIT	10-06
EFFECTIVE DATE	10-01-15
NAME, TITLE, DEPARTMENT	Varghese George – Head Accountant-Genrl - Finance
SERVICE CREDIT	12-11
EFFECTIVE DATE	05-01-16
NAME, TITLE, DEPARTMENT	Benjamin J. Hines – TEO - Transportation
SERVICE CREDIT	08-06
EFFECTIVE DATE	10-01-15

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Hybrid Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Johnson

RESOLVED, that the application(s) for **HYBRID RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	William G. Beningo, Jr. – Ast Fire Dispatcher – Fire (Civilian)
SERVICE CREDIT	01-08
EFFECTIVE DATE	03-03-16

Re: Hybrid Retirement(s) – (Con't)

NAME, TITLE, DEPARTMENT	Vijaykumar Patel – Sr Ast Chem Eng-WS – Water & Sewerage
SERVICE CREDIT	01-05
EFFECTIVE DATE	12-01-15
NAME, TITLE, DEPARTMENT	Joshua Taylor – Field Svs Tech – Water & Sewerage
SERVICE CREDIT	00-10
EFFECTIVE DATE	11-02-16

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Change of Computation from Duty Disability to Service Retirement(s)

Motion By: Trustee Cetlinski – Supported By: Trustee Johnson

RESOLVED, that the application(s) for **CHANGE OF COMPUTATION FROM DUTY DISABILITY TO SERVICE RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Godiva Boyd – Boil Oper – Low Pres - DPW
SERVICE CREDIT	13-01
EFFECTIVE DATE	09-27-16
NAME, TITLE, DEPARTMENT	David E. Howard – Building Operator I – General Services
SERVICE CREDIT	17-10
EFFECTIVE DATE	10-24-16

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Change of Effective Date(s)

Motion By: Trustee Cetlinski – Supported By: Trustee Johnson

RESOLVED, that the application(s) for **CHANGE OF EFFECTIVE DATE** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Jonnie Luckett – TEO - Transportation
SERVICE CREDIT	17-06
FROM:	08-03-16
TO:	08-03-15
NAME, TITLE, DEPARTMENT	James W. Young – Street Maintenance Worker - DPW
SERVICE CREDIT	16-01
FROM:	10-03-16
TO:	09-29-16
NAME, TITLE, DEPARTMENT	James W. Young – Street Maintenance Worker - DPW
SERVICE CREDIT	02-01
FROM:	10-03-16
TO:	09-29-16 (hybrid)

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Option Change

Motion By: Trustee Cetlinski – Supported By: Trustee Johnson

RESOLVED, that the application(s) for **OPTION CHANGE** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Keith Crumpe – RCPO – DPW
SERVICE CREDIT	27-10
EFFECTIVE DATE	09-24-16
FROM:	Option A – Equate Age 62
TO:	Straight Life – Equate Age 62

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

Re: Receipts

The receipts which are referenced below were **acknowledged**.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
WEEKLY RECEIPTS FOR ACKNOWLEDGEMENT			
11/28/16 - 12/2/16			
December 7, 2016			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
RECEIPTS			
ACCRETE HEALTH, INC.	12/01/16	Class Action Proceeds	\$0.22
MESIROW FIN PRIV EQU PSHIP FUND III LP	11/30/16	Distribution	397,667.00
LANDMARK EQUITY PARTNERS XV LP	11/30/16	Distribution	100,761.00
FIRST INDEPENDENCE BANK	11/30/16	Loan Deductions	38,383.82
COUNTRYWIDE FINANCIAL CORP.	12/01/16	Class Action Proceeds (SEC Litig. Settlements)	44.34
POLICE & FIRE RETIREMENT SYSTEM	12/02/16	Reimburse Staff Wages	17,558.03
CITY OF DETROIT	12/02/16	Weekly Mandatory Pension Contribution	89,027.69
CITY OF DETROIT	12/02/16	Weekly Annuity Contribution	65,628.26
		TOTAL RECEIPTS	\$ 709,730.96

Re: Fees and Expenses

Resolution Moved By: Trustee Nickleberry - Supported By: Trustee Cetlinski

WHEREAS, the Board has been presented with the List of Disbursements for Board Approval which is referenced below requesting payment for Fees and Expenses, and

WHEREAS, the Board has been requested to approve payment of said Fees and Expenses; **THEREFORE BE IT**

RESOLVED, that subject to staff audit and approval of all Legal Fees by the Board's General Counsel, the Board **APPROVE** payment of the following Fees and Expenses:

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT

MEETING NO. 4171
DECEMBER 7, 2016

Re: Fees and Expenses – (Con't)

<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
LEGAL FEES:				
CLARK HILL, P.L.C.	3/28/2016	644947	Onyx Capital Litigation thru 2/29/16	\$223.55
CLARK HILL, P.L.C.	7/25/2016	663456	RSCD Bankruptcy Litigation thru 6/30/16	\$77.78
CLARK HILL, P.L.C.	7/25/2016	663454	Alamerica Bank thru 6/30/16	\$6,962.15
CLARK HILL, P.L.C.	7/25/2016	663439	Keeler Litigation thru 6/30/16	\$9,158.39
CLARK HILL, P.L.C.	7/25/2016	663438	Chapter 9 Compliance & Implementation thru 6/30/16	\$1,700.85
CLARK HILL, P.L.C.	6/27/2016	659332	Keeler Litigation thru 5/31/16	\$8,666.66
CLARK HILL, P.L.C.	6/27/2016	659331	Chapter 9 Compliance & Implementation thru 5/31/16	\$7,004.42
CLARK HILL, P.L.C.	6/27/2016	659327	PA 436/Chapter 9 Related thru 5/31/16	\$1,450.00
CLARK HILL, P.L.C.	6/27/2016	659326	Alamerica Bank thru 5/31/16	\$3,160.30
CLARK HILL, P.L.C.	6/27/2016	659321	Onyx Capital Litigation thru 5/31/16	\$1,585.04
CLARK HILL, P.L.C.	5/23/2016	653791	RSCD Bankruptcy Litigation thru 4/30/16	\$64.81
CLARK HILL, P.L.C.	5/23/2016	653790	Alamerica Bank thru 4/30/16	\$1,076.74
CLARK HILL, P.L.C.	6/9/2016	653783	Onyx Capital Litigation thru 5/31/16	\$231.84
CLARK HILL, P.L.C.	5/23/2016	653778	Keeler Litigation thru 4/30/16	\$16,751.23
CLARK HILL, P.L.C.	8/23/2016	668248	Alamerica Bank thru 7/31/16	\$4,333.66
CLARK HILL, P.L.C.	2/23/2016	639821	Alamerica Bank thru 1/31/16	\$4,641.24
CLARK HILL, P.L.C.	12/15/2015	630114	RSCD Bankruptcy Litigation thru 11/30/15	\$528.91
CLARK HILL, P.L.C.	12/15/2015	630121	Onyx Capital Litigation thru 11/30/15	\$3,777.19
CLARK HILL, P.L.C.	12/15/2015	630125	The Life Assurance Fund thru 11/30/15	\$296.44
CLARK HILL, P.L.C.	12/15/2015	630146	Alamerica Bank thru 11/30/15	\$3,720.45
CLARK HILL, P.L.C.	12/15/2015	632021	Keeler Litigation thru 11/30/15	\$19,489.94
CLARK HILL, P.L.C.	5/23/2016	653777	Chapter 9 Compliance & Implementation thru 4/30/16	\$2,616.92
CLARK HILL, P.L.C.	2/23/2016	639819	Onyx Capital Litigation thru 1/31/16	\$2,456.08
CLARK HILL, P.L.C.	3/28/2016	644949	Alamerica Bank thru 2/29/16	\$1,857.25
CLARK HILL, P.L.C.	2/23/2016	639822	RSCD Bankruptcy Litigation thru 1/31/16	\$246.29
CLARK HILL, P.L.C.	2/23/2016	639826	Keeler Litigation thru 1/31/16	\$10,429.15
CLARK HILL, P.L.C.	3/28/2016	644436	Keeler Litigation thru 2/29/16	\$19,913.70
CLARK HILL, P.L.C.	3/28/2016	644945	PA 436/Chapter 9 Related thru 2/29/16	\$98.60
CLARK HILL, P.L.C.	3/28/2016	644946	Donald v. Watkins (Tradewinds Airlines) thru 2/29/16	\$24.23
Subtotal				
<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
CLARK HILL, P.L.C.	8/23/2016	668244	Onyx Capital Litigation thru 7/31/16	\$56.10
CLARK HILL, P.L.C.	2/23/2016	639818	PITG Gaming LLC thru 1/31/16	\$579.28
CLARK HILL, P.L.C.	11/17/2016	683580	Alamerica Bank thru 10/31/16	\$1,991.03
CLARK HILL, P.L.C.	7/25/2016	663455	PA 436/Chapter 9 Related thru 6/30/16	\$58.00
CLARK HILL, P.L.C.	8/23/2016	668249	PA 436/Chapter 9 Related thru 7/31/16	\$98.60
CLARK HILL, P.L.C.	11/16/2016	683640	Chapter 9 Compliance & Implementation thru 10/31/16	\$5,074.50
CLARK HILL, P.L.C.	11/17/2016	683578	Onyx Capital Litigation thru 10/31/16	\$2,231.89
CLARK HILL, P.L.C.	11/18/2016	683541	Keeler Litigation thru 9/30/16	\$3,377.44
CLARK HILL, P.L.C.	8/23/2016	668266	Keeler Litigation thru 7/31/16	\$5,196.23
CLARK HILL, P.L.C.	8/23/2016	668265	Chapter 9 Compliance & Implementation thru 7/31/16	\$2,198.22
JEFFREY R. KRAVITZ PLLC	12/3/2016	16-0458-1942	Fort Shelby thru 11/30/16	\$217.50
JEFFREY R. KRAVITZ PLLC	11/2/2016	16-0458-1922	Fort Shelby thru 10/31/16	\$1,125.00
VANOVERBEKE MICHAUD & TIMMONY, P.C.	11/15/2016	8843	General Counsel Matters - October 2016	\$22,851.26
VANOVERBEKE MICHAUD & TIMMONY, P.C.	11/14/2016	8841	Bankruptcy Litigation - October 2016	\$23,887.50
Subtotal				\$201,486.36
ADMINISTRATIVE EXPENSES:				
500 WEBWARD LLC	12/1/2016	25133	Rent - December 2016	\$21,266.93
ACCIDENT FUND INSURANCE CO. OF AMERIC	12/4/2016	120416	Workers' Comp Premium	\$1,611.00
CEM BENCHMARKING, INC.	11/29/2016		Benchmarking Reports for year ended 12/31/15, Inv. # 2016118	\$21,250.00
DIRECTV	11/24/2016	30032089837	Service Charges	\$36.49
FEDEX	11/30/2016	5-627-87173	FedEx Mailings	\$89.56
GABRIEL, ROEDER, SMITH & CO	11/29/2016	425863	EDRO Calculations for C. Jackson	\$600.00
GABRIEL, ROEDER, SMITH & CO	6/9/2016	422183	EDRO Calculations for B. Richardson	\$400.00
GABRIEL, ROEDER, SMITH & CO	1/13/2016	419674	EDRO Calculations for R. Domka	\$800.00
GABRIEL, ROEDER, SMITH & CO	12/2/2016	425959	EDRO Calculations for R. Gibson	\$800.00
GABRIEL, ROEDER, SMITH & CO	11/29/2016	425871	EDRO Calculations for G. Heath	\$800.00
GOVERNMENT FINANCE OFFICERS ASSOCIATI	11/29/2016	136001	Association Fees	\$690.00
HARLAND TECHNOLOGY SERVICE	11/23/2016	13978168	Computer Services	\$2,121.75
IRON MOUNTAIN RECORDS MANAGEMENT	11/30/2016	NEV0431	Records Storage	\$1,408.79
Subtotal				\$2,121.75

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT

MEETING NO. 4171
DECEMBER 7, 2016

Re: Fees and Expenses – (Con't)

PAYEE	DATE	INVOICE NO	DESCRIPTION	AMOUNT
IT STAFF WAGES	11/30/2016		IT Staff Wages for November 2016	\$30,095.77
RENAISSANCE UNITY	12/17/2014	201406-2	Hall Rental	\$5,000.00
RENAISSANCE UNITY	6/12/2015	201406-1	Hall Rental	\$5,000.00
SHRED-IT USA	11/22/2016	8121255613	Off-Site Regular Service	\$143.17
STAFF WAGES	12/4/2016		Staff Wages for 11/21/16 - 12/4/16	\$19,126.90
UHY ADVISORS MI INC	11/30/2016		Prof Accounting Svcs - 11/16/16-11/30/16, Inv # 1192452	\$28,393.75
UHY ADVISORS MI INC	11/30/2016		Prof Consulting Svcs - 11/1/16-11/30/16, Inv # 1192410 - Phase III	\$69,675.00
VERIZON WIRELESS	11/25/2016	9776022538	Wireless Service: 10/26/16-11/25/16	\$644.56
XEROX	12/1/2016	087108565	Printers	\$20.39
XEROX	11/1/2016	086748067	Printers	\$18.61
Subtotal				\$209,992.67
OTHER EXPENSES:				
GAIL OXENDINE	12/6/2016	120616	GRS Trustee Parking	\$89.00
OLGA JOHNSON	12/6/2016	120616	GRS Trustee Parking	\$80.00
Subtotal				\$169.00
Total Disbursements for Board Approval				
				\$411,648.03

Yea: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 5

Nay: None

- ***Trustee Nickleberry*** stepped out of the Board Meeting at 10:20 a.m.
- ***Trustee Scott Benson*** joined the Board Meeting at 10:25 a.m.

Re: Refunds of Accumulated Contributions

Motion By: Trustee Johnson - Supported By: Trustee Cetlinski

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth:

List No. 7286 (Revised) - \$888,994.60

List No. 7287 - \$621,652.55

including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yea: Benson, Cetlinski, Cowan, Johnson, Sheehan – 5

Nay: None

- ***Trustee Nickleberry*** rejoined the Board Meeting at 10:26 a.m.

Re: Employee Loan Program

Motion By: Trustee Cowan – Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of:

12/7/2016 - \$29,586.00

including interest, be hereby **APPROVED**.

Yea: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Sheehan – 6

Nay: None

➤ ***Trustee David Szymanski*** joined the Board Meeting at 10:30 a.m.

Re: Minutes/Journal No. 4166 – (10/05/16)

Motion By: Trustee Cetlinski – Supported By: Trustee Szymanski

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, listed above were hereby **APPROVED** as recorded and submitted.

Yea: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Sheehan, Szymanski – 7

Nay: None

Re: Minutes/Journal No. 4169 – (11/16/16)

Motion By: Trustee Szymanski – Supported By: Trustee Nickleberry

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, listed above were hereby **APPROVED** as recorded and submitted.

Yea: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Sheehan, Szymanski – 7

Nay: None

PRESENTATION:

Gabriel Roeder Smith & Company

Representative Judith Kermans, Ken Alberts and David Kausch, appeared before the Board to discuss the funding valuations of Component I & II.

- ***Trustee Gail Oxendine*** joined the Board Meeting at 10:35 a.m.
- ***Trustee Wendell Anthony*** joined the Board Meeting at 10:40 a.m.
- ***Trustee John Naglick*** joined the Board Meeting at 10:50 a.m.
- ***Trustee Nickleberry*** stepped out at 10:55 a.m. and rejoined at 11:15 a.m.

Re: Adoption of Actuarial Assumptions for purposes of determining funding level and mandatory employee contributions for Component I of the Retirement System

Resolution Moved By: Trustee Naglick – Supported By: Trustee Szymanski

WHEREAS, the Board of Trustees of the General Retirement System of the City of Detroit is vested with the authority and fiduciary responsibility for the administration, management, and operation of the Retirement System, and

WHEREAS, the provisions of the plan are subject to the applicable provisions of the Internal Revenue Code, applicable state law, the applicable charter and ordinance provisions of the City of Detroit and the Combined Plan for the General Retirement System, and

WHEREAS, Section 9.5 of the Combined Plan titled “*Fiscal Responsibility: Increased Funding Obligations and Benefit Reductions*,” provides generally that to “safeguard the long-term actuarial and financial integrity of the Retirement System” in the event the funding level of Component I of the Retirement System projected over a five-year period falls below specified targets, the Board is required to take established remedial actions, and

WHEREAS, Section 9.5(3) further provides that “the actuarial accrued liability of Component I shall be calculated by the Plan’s Actuary utilizing an interest rate assumption of six and three-quarters percent (6.75%) and other reasonable assumptions as directed by the Board upon the recommendation of the Investment Committee” (emphasis added), and

Re: Adoption of Actuarial Assumptions for purposes of determining funding level and mandatory employee contributions for Component I of the Retirement System – (con't)

WHEREAS, the Retirement System's actuary, Gabriel Roeder Smith & Company, in its initial June 30, 2014 Annual Actuarial Valuation of Component I, has raised certain questions and requested clarification/confirmation from the Board and the Retirement System's Investment Committee with respect to the assumptions to be utilized for the implementation of Section 9.5 and performance of the required five-year projection, and

WHEREAS, the Board has discussed this matter amongst the Board members, and with its Actuary and General Counsel; **THEREFORE BE IT**

RESOLVED, that upon recommendation of the Retirement System's Investment Committee, the following guidelines are hereby adopted by the Board and shall be utilized by the actuary in completing the five-year projections as required in Section 9.5 of the Combined Plan:

1. The five-year projections should be based on the general valuation assumptions as previously adopted by the Board (e.g., inflation, mortality, retirement, withdrawal, etc.).
2. Section 9.5(1) provides that Variable Pension Improvement Factor ("VPIF") benefits will only be granted in the event the plan is projected to be over 100% funded. It is the considered opinion of the Board that the mandatory employee contributions as set forth in the plan based upon the five-year projections required by Section 9.5 are intended to fund base benefits in the normal course and not VPIF benefits. Accordingly, it is the funding policy of the Board to not include any projected future VPIF benefits in the five-year projection calculations. However, in the future and to the extent that VPIF benefits have been granted to retirees at the time of the five-year projection, that Actuary shall assume continuation of those previously granted VPIF benefits except as otherwise provided in Section 9.5(2) of the Combined Plan. For purposes of completing the

five-year projection in any given year, an initial projection is to be completed demonstrating the effect of an award of the VPIF benefit to qualified retirees in the following Plan Year. If the Plan continues to be funded at a level greater than 100%, the VPIF may be awarded by the Board and IC in accordance with the Plan provisions. In the event the funding level in the initial projection is less than 100%, a second projection shall be performed to verify if any of the remedial measures required under Section 9.5 are necessary.

3. Transition Costs should not include an assumption of future VPIF benefits. Since there is a separate funding source established in the Combined Plan for payment of Transition costs through 2023 [Section E-16(c)], Transition Costs

should be excluded from the Section 9.5 tests until fiscal year 2024. The Transition Costs shall be determined as of July 1, 2014 (without an assumption for payment of future VPIF benefits and financing of the Transition costs shall be calculated based upon a level dollar amortization of the Initial Transition Cost over a 9-year fixed amortization period and the Retirement System's Investment Return Assumption of 6.75%.

4. Component II ASF balances are assumed to be withdrawn as a level dollar amount over the next 10 years, however voluntary employee contributions into the Component I Annuity Savings Fund shall be assumed to continue at the historical levels as previously contributed to the Component II ASF. For Transition Funding purposes, an appropriate arbitrage of the difference between the assumed rate of investment return of 6.75% and the maximum interest rate that can be credited to the ASF Accounts of 5.25% should be used for both the Component I and Component II ASF Accounts.
5. The Component I assets shall include the Rate Stabilization Fund to the extent the plan is less than 100% funded.
6. The Annual Actuarial Valuation for the fiscal year ending June 30, 2015 shall generate the first five-year projection. Upon receipt of the June 30, 2015 valuation, a determination shall be made whether any remedial action is required.

In the event remedial action is required, such remedial action shall be effective July 1, 2017 [Section 9.5(1)].

7. The funding value of plan assets for purposes of Section 9.5 testing of the Component I plan funding level would otherwise be based upon a three (3) year smoothing method wherein the assumed investment income of 6.75% will be recognized fully each year and the differences between actual and assumed investment income shall be phased in over a closed three (3) year period. The Actuary has opined that since the projection period is for a five (5) year period, the use of a three (3) year smoothing period is of no consequence and would result in an asset value that is not materially different than projecting the current market value of assets out five (5) years at the assumed rate of return of 6.75%. According the projection shall utilize the market value of the portfolio using the 6.75% rate of return. – [Section 9.5(3)].
8. The forgoing assumptions shall be utilized for both the 100% projection test in Section 9.5(1) and the 80% projection test in Section 9.5(2).
9. The required actions set for in Section 9.5(2), if any, shall be reflected in the projections by the addition of each item in the order listed, until the appropriate threshold is reached. Illustrated as follows:
 - i. Perform the first projection ignoring all the 9.5(2) actions. If the projected funded status was less than 80%, then the

Actuary is to re-perform the projection reflecting the action in 9.5(2)(a). If the projection results in a funding level that is still below 80%, the projection is to be re-performed reflecting the action in 9.5(2)(b); and so on. Once the 80% threshold is met, such projection would reflect the required actions under Section 9.5(2) that are to be taken.

FURTHER RESOLVED, that a copy of this resolution be provided to the GRS Investment Committee with a request that the Committee make formal recommendation to the Board of the adoption of the assumptions and guidelines provided herein, and

FURTHER RESOLVED, that a copy of this resolution be maintained in the Retirement System records, and a copy be provided to the Board's Actuary and Auditor.

Yea: Anthony, Benson, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski - 10

Nay: None

Re: Reporting & Accounting Schedules of Component II

Motion By: Trustee Oxendine – Supported By: Trustee Johnson

Motion to approve the GASB Statement No. 67 Plan Reporting and Accounting Schedules of Component II, ending June 30, 2016.

Yea: Anthony, Benson, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski – 10

Nay: None

Re: Reporting & Accounting Schedules of Component I

Motion By: Trustee Naglick – Supported By: Trustee Cetlinski

Motion to approve the GASB Statement No. 67 Plan Reporting and Accounting Schedules of Component I, ending June 30, 2016.

Yea: Anthony, Benson, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski – 10

Nay: None

- ❖ The Board **RECESSED** for **LUNCH** at 12:30 p.m.
- ❖ The Board **RECONVENED** at 1:10 p.m.

MANAGER'S REPORT

The Retirement System's Manager, LaMonica Arrington-Cabean, addressed the following:

Re: Adam Eaton

Member submitted a public form with his concern on December 6, 2016. Member did not attend the meeting to present his concern to the board. The matter was briefly discussed before the board and the member will be contacted to address his concern.

Re: Fiduciary Liability Renewal Policy

Motion By: Trustee Cowan – Supported By: Trustee Szymanski

Motion to approve the fiduciary liability renewal policy as recommended and continue with the current carrier.

Yea: Anthony, Benson, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski – 10

Nay: None

~Concludes Manager's Report~

CHIEF INVESTMENT OFFICER'S REPORT

The Chief Investment Officer, Ryan Bigelow, stepped away from the board meeting and the Investment Officer, Michael Krushena, gave an update regarding the Investment Committee's meeting of 12/5/2016.

~Concludes Chief Investment Officer's Report~

EXECUTIVE DIRECTOR'S REPORT

The Executive Director, Cynthia Thomas, left the Board Meeting for the day at 12:05 p.m. The Assistant Executive Director, David Cetlinski, presented the following in her absence:

Executive Director's Report – (Con't)

Re: VITech Work Plan

Motion By: Trustee Oxendine – Supported By: Trustee Naglick

To direct that the appropriate parties move forward with the negotiation and contract development to include the preparation of the final draft of the Statement of Work for review and final approval by the Board at a future meeting.

Yea: Anthony, Benson, Cetlinski, Johnson, Naglick, Nickleberry, Oxendine, Szymanski – 8

Nay: Cowan, Sheehan – 2

- **Trustee Naglick** left the Board Meeting for the day at 1:47 p.m.
- **Trustee Benson** left the Board Meeting for the day at 1:48 p.m.

GENERAL COUNSEL'S REPORT

General Counsel, Michael VanOverbeke, submitted a written Legal Report for informational purposes:

- MAPERS – House Bills No. 6074-6086 (Government Retirement Act)

~Concludes Legal Report~

ADJOURNMENT

There being no further business before the Board, **Chairman Sheehan** adjourned the meeting at 1:55 p.m. The Board's next meeting is scheduled for **Wednesday, December 21, 2016**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



LAMONICA ARRINGTON-CABEAN
MANAGER II